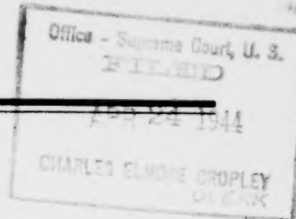


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IN THE  
**SUPREME COURT OF THE UNITED STATES**

OCTOBER TERM, A. D. 1943

**No. 924**

DENTAL PRODUCTS COMPANY, INC.,  
*Petitioner,*

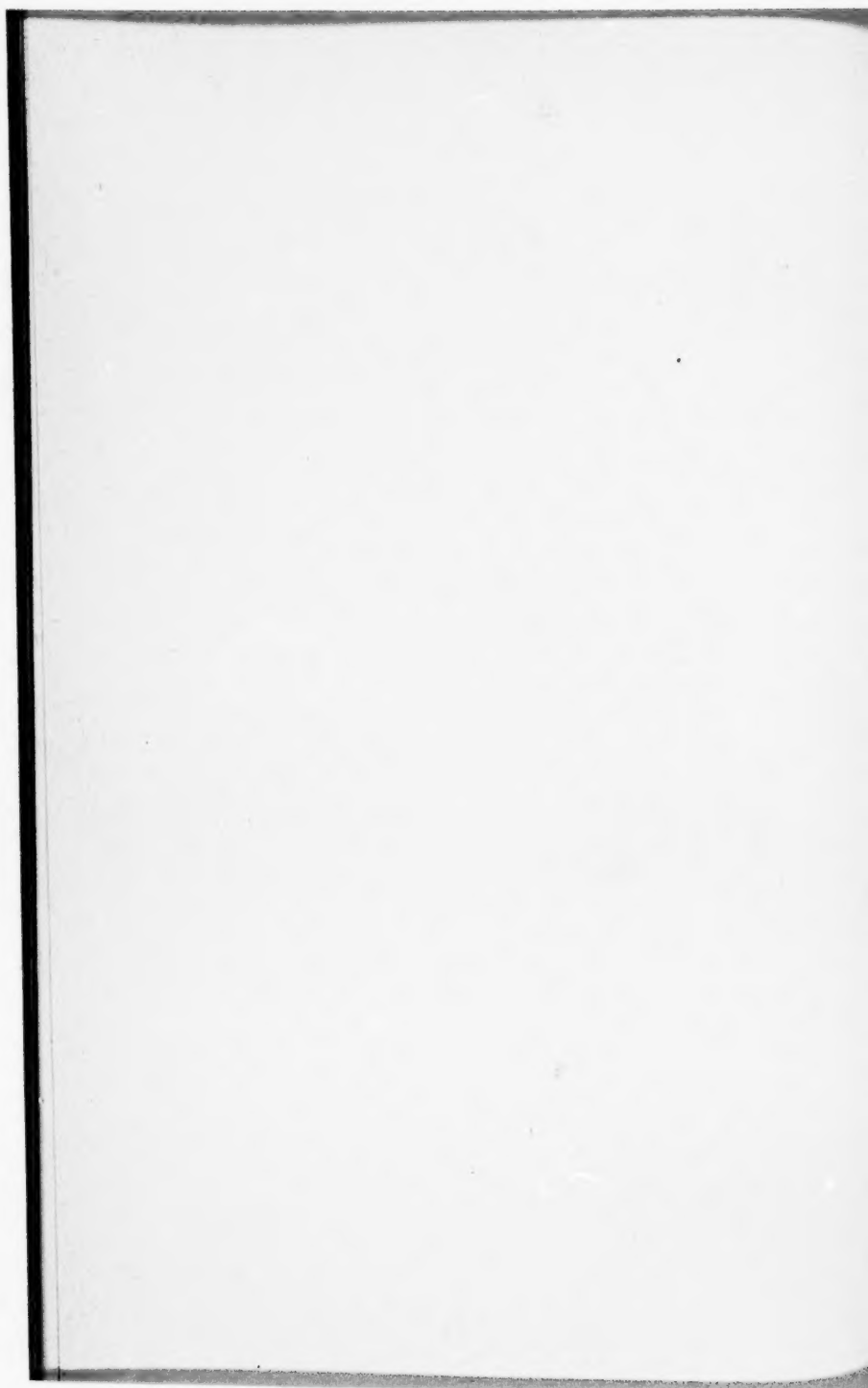
*vs.*

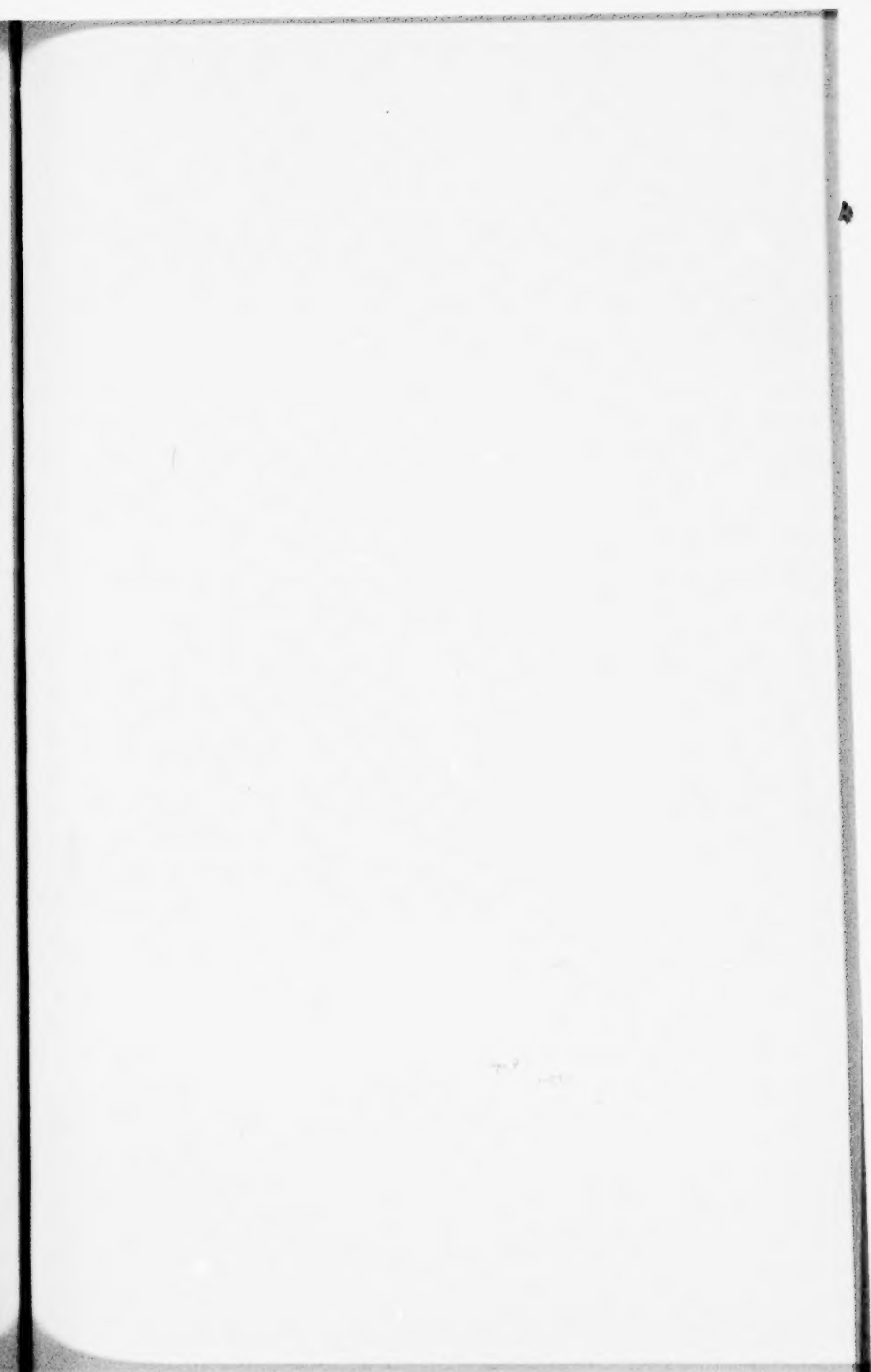
ARTHUR E. SMITH,  
*Respondent.*

**PETITION OF DENTAL PRODUCTS COMPANY FOR A  
WRIT OF CERTIORARI TO THE CIRCUIT COURT  
OF APPEALS FOR THE SEVENTH CIRCUIT.**

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IN THE  
SUPREME COURT OF THE UNITED STATES  
OCTOBER TERM, A. D. 1943

\_\_\_\_\_  
**No.** \_\_\_\_\_  
\_\_\_\_\_

DENTAL PRODUCTS COMPANY, INC.,  
*Petitioner,*

*vs.*

ARTHUR E. SMITH,  
*Respondent.*

\_\_\_\_\_

**PETITION OF DENTAL PRODUCTS COMPANY FOR A  
WRIT OF CERTIORARI TO THE CIRCUIT COURT  
OF APPEALS FOR THE SEVENTH CIRCUIT.**

\_\_\_\_\_

*To the Honorable, the Chief Justices and Associate Justices  
of the Supreme Court of the United States:*

Your petitioner, Dental Products Company, Inc., respectfully prays for a writ of certiorari to the Circuit Court of Appeals for the Seventh Circuit to review the judgment of that Court entered on the 14th day of January 1944 (petition for rehearing denied February 17, 1944). A certified transcript of the record in the case, including the proceedings in said Circuit Court of Appeals, is furnished herewith in accordance with the rules of this Court.

### Summary Statement of Matter Involved.

Respondent, Arthur E. Smith, a resident of California, sued petitioner, Dental Products Company, an Illinois corporation, and certain others, in the United States District Court for the Northern District of Illinois (R. 2, 682) for an accounting of petitioner's profits arising from the manufacture and sale of certain articles, and for an injunction to restrain the further manufacture and sale of these articles, and of any other articles which were provided with certain trade-marks.

The complaint alleged unfair competition, patent infringement and trade-mark infringement, and jurisdiction was based on diversity of citizenship, and on the patent and trade-mark statutes.

Petitioner filed a counterclaim alleging fraudulent registration on the part of respondent of one of the trade-marks involved (R. 12).

This petition concerns the ownership of three trade-marks, "Den Pro," "Conducto" and "Conducto Unitube."

It also concerns the legal effect of two successive royalty contracts (1918 and 1930) in which respondent granted to petitioner the exclusive right to manufacture and sell certain allegedly patented articles (Plaintiff's Exhibits 81 and 83; R. 387, 602, 611). These articles were sold by petitioner under the trade-marks "Conducto" and "Conducto Unitube" during the term of the contracts.

After the 1930 contract was cancelled by respondent (Plaintiff's Exhibit 84; R. 387, 617) petitioner continued the manufacture and sale of the articles under the "Conducto" trade-marks at first, and then gradually changing over to the trade-mark "Den Pro."

Petitioner claims ownership of these trade-marks by virtue of continuous and exclusive use and of public recognition.

Respondent claims ownership by virtue of a prior use from 1915 to 1918 which was discontinued upon execution of the 1918 contract.

However respondent claims that whatever rights he had in the trade-marks in issue in 1918 have been held in abeyance by the two contracts so that these rights can now be asserted even though they are applied to articles which were not sold by him prior to 1918.

Petitioner is a manufacturer and vendor of supplies for dentists. It was incorporated in 1916 as Dental Products Co. and at that time some of the articles it sold were marked Den. Pro. Co.—an abbreviation of its corporate name (R. 560, 572, 3). Starting in 1925, it has applied the trade-mark "Den Pro" to an increasing number and kinds of articles and has used it continuously up to date on a great volume of goods sold throughout the United States and in some foreign countries.

Over the fourteen year period from 1921 to 1934, petitioner has sold one and one-half million dollars' worth of goods, all of them being sold under its own name, Dental Products Co. (see Sales Analyses, Defendant's Exhibits 20 to 30 inclusive, 45, 46, 47 and 48, introduced at R. 562 and 593, 594; reproduced at R. 621 to 632 inclusive).

The trade-marks "Den Pro" and "Conducto" are known to the trade as petitioner's trade-marks and as identifying the goods of petitioner only (R. 411, 415, 425, 436, 445, 451, 473, 476, 486, 497, 506, 515, 530, 538).

Respondent is a dentist and an inventor who has not, since 1918, engaged in the business of making or selling dentists' supplies. He is not now known as the commercial source of any dentists' supplies (R. 414, 426, 438, 452, 463, 474, 479, 488, 496, 506, 516, 531, 539, 46, 81, 120, 130).

Shortly after the 1930 contract was cancelled, respondent made two sales of some articles to which he applied

the trade-mark "Den Pro" (R. 305, 335). On the basis of these two sales, respondent applied for trade-mark registration on "Den Pro" as applied to "syringes, empty ampuls, hypodermic needles and anaesthesia instruments, and adapters for syringes" (Plaintiff's Exhibit 4; R. 386, 749).

There is no evidence that respondent ever again used "Den Pro" on the goods specified in the application for registration, although he did sell a few tubes of surgical dressing under the trade-mark "Den Pro" in subsequent years.

The "Den Pro" registration, No. 328,935, in issue was granted on this application (R. 749).

The facts regarding the trade-mark "Conducto" require somewhat more detailed treatment.

About one-third of petitioner's business from 1921 to 1934 was in certain articles relating to conduction anesthetic, and to which the trade-mark "Conducto" was applied (R. 621-632).

Conduction anesthetic is a certain type of local anesthetic, the anesthetizing effect of which, when injected into a nerve trunk, is conducted outwardly along the many nerve branches to insensitize the nerve endings over the desired area.

Along in 1915, respondent invented an improved form of conduction anesthetic. The improvement consisted in making the anesthetic in tablet form combined with certain body salts in certain specified proportions and amounts so that when dissolved in a standard amount of distilled water, there was produced, in an amount sufficient for one injection, an anesthetic solution that was isotonic. That is, its salinity equalled that of the blood. Thus were avoided the difficulties attending the use of a stock anesthetic solution, the salinity of which gradually increased



due to evaporation. A patent was granted to respondent on this conduction anesthetic tablet in 1917 (R. 603).

In connection with certain lectures respondent was giving to dentists on the administration of conductive anesthesia, he sold these tablets as "Conducto tablets," the adoption of the name "Conducto" being "obvious because we were concerned with conduction anesthesia" (R. 361).

In 1918, respondent granted to petitioner the sole and exclusive right to manufacture and sell his patented tablet, and also certain other articles, allegedly invented by respondent, which have been of no commercial importance for the past fifteen or eighteen years, and which articles are not now in issue. This grant is contained in the 1918 contract (Plaintiff's Exhibit 81; R. 387, 602). The contract also had certain other provisions, some of which related to the use of respondent's personal name on the goods in an ethical manner (R. 605).

Petitioner thereupon commenced to sell these patented tablets under the trade-mark "Conducto", and in 1920 received registration No. 134,937 thereon, which registration is here in issue. These tablets were a commercial success at that time.

Petitioner, in 1920, also received Registration No. 133,115 for "Conducto" as applied to the other articles mentioned in the 1918 contract. Both of these "Conducto" registrations in issue (Plaintiff's Exhibits 2 and 78; R. 386, 743, 745) expired before the amended and supplemental complaint (R. 2) was filed.

Starting about 1924, the tablet sales began to fall off. In 1926 or 1927 petitioner began to sell conduction anesthetic in solution form. The solution was put up in replaceable glass cartridges, referred to herein as ampules or unitubes. Petitioner also manufactured and sold a special type of syringe adapted to receive one of these

ampules and to dispense the anesthetic therefrom, after which the empty ampule was discarded. This idea of selling an anesthetic solution in an ampule and of dispensing it in a special syringe was at that time about thirty-five years old, and not covered broadly by any patents. These ampules were sold under the trade-mark "Conducto Unitube" and immediately became a success, outselling the tablets about ten to one during the first three years. (See p. 29 herein for graph of sales.)

Between 1918 and 1930, respondent received numerous patents on other dental articles than those forming the subject matter of the 1918 contract. In all, respondent at the time of the trial had been granted some fifty patents (R. 405). At least five of these patents related to this special syringe for dispensing the contents of ampules and formed the subject matter of this suit (R. 697, 703, 709, 717, 739).

In 1927 respondent had applied for registration on the trade-mark used by petitioner, "Conducto Unitube." In 1928 petitioner assigned its registrations on "Conducto" to respondent (Plaintiff's Exhibit 79; R. 387, 601), in order that he might secure the registration on "Conducto Unitube" which heretofore had been refused because the "Conducto" registrations were registered in the name of petitioner. The registration "Conducto Unitube" was granted to respondent for both anesthetic tablets and solutions, but not for the cartridge or unitubes themselves, or for the syringe (Plaintiff's Exhibit 1; R. 386, 747).

In 1930, the parties entered into another contract which included these comparatively successful ampules (Plaintiff's Exhibit 83; R. 387, 611). This agreement did not specify any of respondent's syringe patents, but presumably was based upon the large number of patents which respondent then had and which allegedly covered the ampules either directly or indirectly on the theory

of contributory infringement of the syringe patents. The 1930 contract also included the patented tablet which by this time was of small commercial importance. It also included the unitube syringe and surgical dressing which were not in the first contract. This contract was cancelled by respondent in 1935 after the tablet patent had expired. There is no proof that respondent ever sold any of these tablets after the contract was cancelled.

Petitioner paid respondent about \$100,000 under the two contracts (R. 561).

After said cancellation, respondent made no use of the trade-mark "Conducto" for a year and a half. In September 1936, he made one sale of ampules under the trade-mark "Conducto" (R. 346). This is the only use by respondent subsequent to 1918 of the word "Conducto" on any of the goods specified in the three "Conducto" registrations in issue.

This suit was filed in 1939, the complaint alleging infringement of ten patents and of the four trade-mark registrations above mentioned. No notice was given prior to the filing of suit of respondent's contention that petitioner had infringed any of the trade-marks in issue.

The District Court held for petitioner on the trade-marks and for respondent on the patents (R. 635). The Seventh Circuit Court of Appeals reversed the District Court, holding for respondent on the trade-marks and for petitioner on the patents (R. 773). The Circuit Court of Appeals specifically held that the ampules were unpatented articles and that the manufacture and sale thereof by petitioner was not a contributory infringement of the syringe patents (R. 801).

### Jurisdiction.

1. The date of the judgment to be reviewed is January 14, 1944; petition for rehearing denied February 17, 1944.

2. The judgment was rendered in a civil action involving a patent infringement under the patent statutes, trade-mark infringement under the trade-mark statutes, and unfair competition. Petitioner's writ is concerned only with the judgment insofar as it related to trade-mark infringement and unfair competition.

3. The statutes under which jurisdiction is invoked are: 240 (a) of the Judicial Code, 28 U. S. C. A. 347 (a); and Sec. 18 of the Trade-Mark Act of 1905, as amended, 15 U. S. C. A. § 98.

4. While this is a suit involving trade-mark infringement and unfair competition, the questions submitted for review are not limited to this specific controversy, but are general questions raised by the Circuit Court of Appeals for the Seventh Circuit. Jurisdiction is shown under Rule 38 (5b) of this Court as follows:

- a. A decision of a federal question in a manner conflicting with the applicable decisions of this Court.
  - b. Conflict in important respects between the Circuit Court of Appeals for the Seventh Judicial Circuit and the courts of appeals of other judicial circuits on the same questions of law.
  - c. Important questions of federal law which have not been but should be settled by this Court.
5. Cases believed to sustain the jurisdiction are:

*S. S. Ansaldo San Giorgio I v. Rheinstrom Bros. Co.*, 294 U. S. 494.

*Magnum Import Co. v. DeSpoturno Coty*, 262 U. S. 159.

*Hutchinson, Pierce & Co. v. Loewy*, 217 U. S. 457.

*Morton Salt v. G. S. Suppiger*, 314 U. S. 488.

### **The Questions Presented.**

1. Is a trade-mark the subject of property apart from its use in an existing business?

(a) Does the long continued use of a trade-mark on certain articles by a manufacturer and seller with an established trade reputation constitute unfair competition against a trade-mark registrant who is possessed of no trade reputation?

2. Does not a corporation have a right to be secure from an appropriation of a portion of its corporate name?

(a) By registration, under the trade-mark statutes, an *ex parte* proceeding, can one appropriate as a trade-mark a portion of another's corporate name, which portion has been used, and recognized by the public, as an abbreviation, a trade name, and a trade-mark on the same class of goods for many years prior to the continuous use alleged by registrant in his application for registration?

(b) Where, in an action brought by said registrant against a defendant corporation, a Federal Court sanctions such appropriation by enjoining the corporation from the use of a portion of its corporate name as a trade-mark on the grounds that defendant's previous use thereof as a trade-mark was conducted by sufferance of the plaintiff under certain alleged license contracts, is not the refusal of said court, in arriving at its judgment, to recognize the defense that no royalties were paid by defendant,

or demanded by plaintiff on the use of said trade-marks, a deprivation of property without due process of law, the alleged license contracts not mentioning the trade-mark in issue, and having been cancelled by plaintiff before his registration of the trade-mark in issue?

3. Can a patentee, by contract, make a purely restrictive use of a trade-mark so as to extend his patent monopoly either beyond the term of his patent or to articles which do not infringe his patent?

(a) Does the grant of the exclusive right to make and sell a particular article carry with it the exclusive right to use the trade-mark which has been attached thereto?

(b) If the right to make and sell passes into the public domain, as by expiration of a dominating patent, or by judicial decree, and the grant of said right to make and sell thereby becomes irrevocable, then does not the grant of the right to use the trade-mark also become irrevocable?

(c) If the grantee, nine years after the grant, applies the same trade-mark to different articles, which are not patentable, and the grantor, never having sold said different articles, represents that the manufacture and sale thereof by the grantee contributorily infringes certain patents recently issued to the grantor and induces the grantee to enter into a new contract providing for royalty payments on said unpatentable articles, has not the grantor misused his patent to the extent where he is estopped from contending that the terms of said royalty contract evidences an intent of the parties that the ownership of the trade-mark should remain in the grantor?

4. In questions involving a so-called trade-mark license do not the interests of the public so far supersede the in-

terests of the private litigants that the intent of the contracting litigants is not determinative of the issue?

### **The Reasons Relied on for the Allowance of the Writ.**

1. Because the Court of Appeals for the Seventh Circuit, in reversing the District Court, and in holding that respondent is entitled to an injunction against the future use, by petitioner, of the trade-marks "Den Pro", "Conducto", and "Conducto Unitubes", and to an accounting of petitioner's profits arising from the past use thereof, has treated as a property right a trade-mark which has not been used by respondent in connection with any existing business. In so far as this action of the Seventh Circuit Court of Appeals is based on the trade-mark statutes, it has decided a Federal question in a way probably in conflict with applicable decisions of this court.

2. The Court of Appeals for the Seventh Circuit, in ordering the District Court to enjoin the petitioner from the use of the trade-mark "Den Pro", has ignored the common law right of petitioner to be secure from appropriation of a portion of its corporate name.

(a) In so far as this ruling is based on the trade-mark statutes, the Circuit Court of Appeals has decided a Federal question in a way probably in conflict with applicable decisions of this court.

(b) In ignoring the existence of certain facts which constitute an absolute defense to the legal theory which the Circuit Court of Appeals for the Seventh Circuit has chosen to be determinative of the issue, it has so far departed from the accepted and usual course of judicial proceedings as to call for an exercise of this court's power of supervision.

3. Because the Court of Appeals for the Seventh Circuit has held that a patentee, by contract, can make a

purely restrictive use of a trade-mark so as to extend his patent monopoly beyond the limitations inherent in the patent grant.

(a) In so far as this ruling extends the monopoly beyond the term of the patent grant, this ruling is in conflict with the decisions of the Courts of Appeal for the Second Circuit and for the District of Columbia.

(b) In so far as this ruling permits a patentee to assert a monopoly over unpatented articles on the grounds that they contributorily infringe certain patents and infringe certain trade-marks, to the end that the patentee's monopoly on the unpatented articles may be preserved by relying on the terms of the contract even though the Court of Appeals has found that there is no monopoly on the basis of contributory infringement, the Seventh Circuit Court of Appeals has decided an important question of Federal law which has not been, but should be, settled by this court.

4. Because the Court of Appeals for the Seventh Circuit, in a case based on the trade-mark statutes and involving a so-called trade-mark license, has in effect decided that the intent of the contracting litigants so far supersedes the interests of the public that said intent is determinative of the issue. This is a ruling on an important question of Federal law which has not been, but should be, settled by this court.

Respectfully submitted,

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## **BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.**

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### **Opinions of the Courts Below.**

The memorandum opinion of the District Court for the Northern District of Illinois, Eastern Division, is reported 54 U.S.P.A. 133, only.

The opinion of the Circuit Court of Appeals for the Seventh Circuit, reversing the District Court, is reported 140 F. (2) 140 (Advance Sheets).

These opinions appear in the Record at pages 635 and 636 respectively.

### **Jurisdictional Statement.**

In the interests of brevity, the jurisdictional statement which appears in the accompanying petition will not be repeated in the brief.

### **Statement of the Case.**

In the interests of brevity the summary statement of the matter involved which appears in the accompanying petition can be considered petitioner's statement of the case.

### **Specification of Assigned Errors.**

The errors which petitioner will urge if the writ of certiorari is issued are those set forth in the appended Writ of Certiorari under the heading "Reasons Relied On For the Allowance Of The Writ."

In addition there are several misstatements of fact in the Court's opinion which will be commented upon to explain any discrepancy between the opinion of the Court of Appeals and the facts as stated by petitioner. These misstatements of fact are set forth in a petition appearing in the Record at pages 861 to 877.

## ARGUMENT.

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**The First Question: Is a trade-mark the subject of property apart from its use in an existing business?**

The facts are clear that at no time since 1918 has respondent been the proprietor of an existing business.

The Supreme Court has held in *Hanover v. Metcalf*, 240 U.S. 403, 414; 60 L. Ed. 713, 718, and *United Drug v. Rectanus*, 248 U.S. 90, 97; 63 L. Ed. 141, 145, that a trade-mark is "not the subject of property except in connection with an existing business."

Applying this fundamental axiom of trade-mark law to the facts, it would appear that respondent is possessed of no property right in the trade-marks "Conducto" and "Den Pro".

The Seventh Circuit Court of Appeals, in deciding in respondent's favor, has clearly misapplied the law, and rendered a decision in conflict with prior decisions of this court.

Although the Seventh Circuit Court of Appeals cited the above cases (R. 776, 781) it clearly could not have given to the word *existing* the same force and effect which this Court has intended, as is evidenced by the following quotations from previous opinions of this Court:

*Delaware and Hudson Canal Company v. Clark*, 13 Wall. 311; 20 Law Ed. 581, 583:

"Undoubtedly, words or devices may be adopted as trade-marks which are not original inventions of him who adopts them, and courts of equity will protect him against any fraudulent appropriation or imitation of them by others. Property in a trade-mark, or rather

in the use of a trade-mark or a name, has very little analogy to that which exists in copyrights or in patents for inventions. \* \* \* The office of a trade-mark is to point out distinctively the origin, or ownership of the article to which it is affixed; or, in other words, to give notice who was the producer. This may, in many cases, be done by a name, a mark, or a device well known, but not previously applied to the same article.

“But though it is not necessary that the word adopted as a trade name should be a new creation, never before known or used, there are some limits to the right of selection. This will be manifest when it is considered that in all cases where rights to the exclusive use of a trade mark are invaded, it is invariably held that the essence of the wrong consists in the sale of the goods of one manufacturer or vendor as those of another; and that it is only when this false representation is directly or indirectly made that the party who appeals to a court of equity can have relief. This is the doctrine of all the authorities. \* \* \* Hence the trade mark must either by itself, or by association, point distinctively to the origin or ownership of the article to which it is applied. The reason of this is that unless it does, neither can he who first adopted it be injured by any appropriation or limitation of it by others, nor can the public be deceived. The first appropriator of a name or device pointing to his ownership, or which, by being associated with articles of trade, has acquired an understood reference to the originator, or manufacturer of the articles, is injured whenever another adopts the same name or device for similar articles, because such adoption is in effect representing falsely that the productions of the latter are those of the former. Thus the custom and advantages to which the enterprise and skill of the first

appropriator had given him a just right are abstracted for another's use, and this is done by deceiving the public, by inducing the public to purchase the goods and manufactures of one person supposing them to be those of another. The trade-mark must, therefore, be distinctive in its original signification, pointing to the origin of the article, or it must have become such by association. And there are two rules which are not to be overlooked. No one can claim protection for the exclusive use of a trade mark or trade name which would practically give him a monopoly in the sale of any goods other than those produced or made by himself. If he could, the public would be injured rather than protected, for competition would be destroyed.

*Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412-414, 60 Law Ed. 713, 718.

"The redress that is accorded in trade-mark cases is based upon the party's right to be protected in the good will of a trade or business. The primary and proper function of a trademark is to identify the origin or ownership of the article to which it is affixed. \* \* \* Courts afford redress or relief upon the ground that a party has a valuable interest in the good will of his trade or business, and in the trademarks adopted to maintain and extend it. The essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another. \* \* \*

"This essential element is the same in trade-mark cases as in cases of unfair competition unaccompanied with trademark infringement. In fact, the common law of trademarks is but a part of the broader law of unfair competition. \* \* \*

"Common-law trademarks, and the right to their exclusive use, are, of course, to be classed among property rights (*Trade-Mark Cases*, 100 U.S. 82, 92, 93,

25 L. ed. 550, 551); but only in the sense that a man's right to the continued enjoyment of his trade reputation and the good will that flows from it, free from unwarranted interference by others, is a property right, for the protection of which a trademark is an instrumentality. As was said in the same case (p. 94) the right grows out of use, not mere adoption. In English courts it often has been said that there is no property whatever in a trademark, as such. \* \* \* But since in the same cases the courts recognize the right of the party to the exclusive use of marks adopted to indicate goods of his manufacture, upon the ground that 'a man is not to sell his own goods under the pretense that they are the goods of another man; he cannot be permitted to practise such a deception, nor to use the means which contribute to that end. He cannot therefore be allowed to use names, marks, letters, or other *indicia*, by which he may induce purchasers to believe that the goods which he is selling are the manufacture of another person' (6 Beav. 73); it is plain that in denying the right of property in a trademark it was intended only to deny such property right except as appurtenant to an established business or trade in connection with which the mark is used. This is evident from the expressions used in these and other English cases. Thus, in *Ainsworth v. Walsmsley*, L. R. 1 Eq. 518, 524, Vice Chancellor Sir Wm. Page Wood said: 'This court has taken upon itself to protect a man in the use of a certain trademark as applied to a particular description of article. He has no property in that mark *per se*, any more than in any other fanciful denomination he may assume for his own private use, otherwise than with reference to his trade. If he does not carry on a trade in iron, but carries on a trade in linen, and stamps a lion on his linen, another person may stamp a lion

on iron; but when he has appropriated a mark to a particular species of goods, and caused his goods to circulate with this mark upon them, the court has said that no one shall be at liberty to defraud that man by using that mark, and passing off goods of his manufacture as being the goods of the owner of the mark.'

"In short, the trademark is treated as merely a protection for the good will, and not the subject of property except in connection with an existing business. The same rule prevails generally in this country, and is recognized in the decisions of this court already cited."

*United Drug Co. v. Rectanus Co.*, 248 U.S. 95-98:

"There was nothing to sustain the allegation of unfair competition, aside from the question of trademark infringement. \* \* \*

\* \* \* "The entire argument for the petitioner is summed up in the contention that \* \* \* the later user should be enjoined at the suit of the prior adopter, even though the latter be the last to enter the competitive field and the former have already established a trade there. \* \* \*

\* \* \* "The asserted doctrine is based upon the fundamental error of supposing that a trademark right is a right in gross or at large, like a statutory copyright or a patent for an invention, to either of which, in truth, it has little or no analogy. *Delaware & H. Canal Co. v. Clark*, 13 Wall. 311, 322, 20 L. ed. 581, 583; *McLean v. Fleming*, 96 U.S. 245, 254, 24 L. ed. 828, 832. There is no such thing as property in a trademark except as a right appurtenant to an established business or trade in connection with which the mark is employed. The law of trademarks is but a part of the broader law of unfair competition; the right



to a particular mark grows out of its use, not its mere adoption; its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another's product as his; and it is not the subject of property except in connection with an existing business. *Hanover Star Mill. Co. v. Metcalf*, 240 U.S. 403, 412-414, 60 L. ed. 713, 717-719, 36 Sup. Ct. Rep. 357.

"The owner of a trademark may not, like the proprietor of a patented invention, make a negative and merely prohibitive use of it as a monopoly. See *United States v. American Bell Teleph. Co.*, 167 U.S. 224, 250; 42 L. ed. 144, 157, 17 Sup. Ct. Rep. 809; *E. Bement & Sons v. National Harrow Co.*, 186 U.S. 70, 90, 46 L. ed. 1058, 1068, 22 Sup. Ct. Rep. 747; *Paper Bag Patent Case*, 210 U.S. 405, 424, 52 L. ed. 1122, 1130, 28 Sup. Ct. Rep. 748.

"In truth, a trademark confers no monopoly whatever in a proper sense, but is merely a convenient means for facilitating the protection of one's good will in trade by placing a distinguishing mark or symbol—a commercial signature—upon the merchandise or the package in which it is sold."

*Prestonettes v. De Spoturno Coty*, 264 U.S. 359, 368:

"Then what new rights does the trademark confer? It does not confer a right to prohibit the use of the word or words. It is not a copyright. The argument drawn from the language of the Trademark Act does not seem to us to need discussion. A trademark only gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his. *United Drug. Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97, 63 L. ed. 141, 145, 39 Sup. Ct. Rep. 48. \* \* \* When the mark is used in a way that does not deceive the public, we see no such

sanctity in the word as to prevent its being used to tell the truth. It is not taboo. *Delaware & H. Canal Co. v. Clark*, 13 Wall. 311, 327, 20 L. ed. 581, 584."

The *Hanover* and the *United Drug* cases concerned situations where the businesses, in connection with which the common trade-mark was used, were originally separated geographically. In the instant case, the businesses of the parties were separated in time. The common feature to all three cases is that for a long period of years, the parties were not competing with each other in the same market.

Applying the reasoning of this Court to the facts here in issue, it will be seen that no cause of action will lie because respondent is not now possessed of that business or trade reputation the protection of which is a necessary element to confer equitable jurisdiction. No business or trade reputation has been damaged by petitioner's alleged unlawful acts.

The trade-marks in issue have served to identify, in the mind of the public, petitioner's business. The property right to be protected is petitioner's business; the Seventh Circuit Court of Appeals in divorcing the trade-mark from the business and in enjoining the use of the trade-mark has in effect permitted respondent to appropriate petitioner's business and good will, contrary to the common law as restated by this Court.

This is a federal question because jurisdiction is premised on the trade-mark statutes. "It stands upon the plaintiff's rights as owner of a trademark registered under the act of Congress". *Prestonettes v. Coty*, 264 U.S. 359, 369; 68 L. Ed. 731, 742.

**The Second Question: Does not a corporation have a right to be secure from an appropriation of a portion of its corporate name?**

This Court has recognized the general common law rule that one may not partially appropriate the trade name under which a corporation is conducting business.

“The general doctrine is that equity not only will enjoin the appropriation and use of a trade-mark or trade name where it is completely identical with the name of the corporation, but will enjoin such appropriation and use where the resemblance is so close as to be likely to produce confusion as to such identity, to the injury of the corporation, to which the name belongs.” *American Steel Foundries v. Robertson*, 269 U.S. 372, 381; 70 L. Ed. 317, 321.

In this case, the petitioner was incorporated in 1916 under the name Dental Products Company, and has conducted its business continuously and exclusively under that name ever since. At the time it was incorporated, it used the abbreviation “Den. Pro. Co.” on some of its articles (R. 572, 3). Starting in 1925, petitioner used “Den Pro” on certain other articles, more in the nature of a trade-mark. Since 1925 “Den Pro” has been applied to an increasing number of goods (R. 625-632).

The word “Den Pro” is understood by the purchasing public as indicating the goods of petitioner and no other; the witnesses have also testified that it is a contraction of “Dental Products Company.”

Therefore the act of respondent, in applying for and securing registration of the trade-mark “Den Pro”, in 1935, is clearly a partial appropriation of petitioner’s corporate name.

The Supreme Court, in *American Steel Foundries v. Robertson*, *supra* (269 U.S. 381, 382), has distinguished between total and partial appropriation of a corporate name as follows:

“Where the appropriation of the corporate name is complete, the rule of the statute, by its own terms, is absolute and the proposed mark must be denied registration without more. But where less than the whole name has been appropriated, the right of registration will turn upon whether it appears that such partial appropriation is of such character and extent that, under the facts of the particular case, it is calculated to deceive or confuse the public to the injury of the corporation to which the name belongs.

“The fact, for example, that the articles upon which the mark is used are not of the same description as those put out by the corporation, is entitled to weight, since the probability of such confusion and injury in that situation obviously is more remote than where the articles are of like kind.”

Although the issue in the *American Steel Foundries* case was of an applicant's right to register a trade-mark, the underlying principle of that case is applicable to the instant case.

See also *Radio Corporation of America v. Rayon Corporation of America*, U.S. Court of Customs and Patent Appeals No. 4783, reported at 560 O.G. 193, in which the initials R.C.A. were held to be a partial appropriation of the corporate name Radio Corporation of America, and registration was refused even though the articles were of different descriptive properties.

In the instant case, the articles are of the same descriptive properties; respondent's registration “Den Pro” even covers needles which had been sold by petitioner under

the trade-mark "Den Pro" for five years prior to respondent's registration (see Sales Analyses, R. 628 to 632 and petitioner's 1932 catalogue, Defendant's Exhibit 33; R. 562; xxiii).

Therefore the Circuit Court of Appeals in sanctioning the registration by respondent of a portion of petitioner's corporate name, has decided a federal question in conflict with the principles laid down by this court in *American Steel Foundries v. Robertson*, 269 U.S. 372; 70 L. Ed. 317.

This action was brought under the trade-mark statutes, and the evidence submitted was based primarily on the use that the parties had made of the trade-marks in issue. It is not an action on the contract. The contract had been cancelled by respondent four years prior to the filing of suit. Therefore there is very little, if any, extrinsic evidence in the voluminous record from which anyone could determine the intention of the parties, if it were considered necessary to construe the contracts.

It does appear, however, that petitioner paid royalties on the allegedly patented articles mentioned in the contracts, and sold under the trade-mark "Conducto". However petitioner never paid any royalty on the use of the trade-mark "Den Pro", and no royalty was ever demanded by respondent (R. 555, 561). This is for the reason that both the 1918 and the 1930 contracts related to the manufacture and sale of certain articles, and not to the use of any particular trade-mark.

The Seventh Circuit Court of Appeals, in choosing to decide this action on the intention of the parties as shown by the agreements and by the conduct of the parties, has entirely overlooked this controlling distinction between petitioner's use of the trade-marks "Den Pro" and "Conducto". The only acts of petitioner specifically referred to relate to "Conducto". The court has not pointed to any conduct on the part of petitioner which evidences an in-

tention that the ownership of "Den Pro" should be vested in respondent.

Therefore it is submitted that the action of the Seventh Circuit Court of Appeals in this respect constitutes a violation of the due process clause of the Fifth Amendment to the Constitution.

An erroneous choice by a Circuit Court of Appeals as to which of two conflicting legal doctrines shall be determinative of a given fact situation, might not in and of itself necessarily warrant the intervention of this Court, but where that erroneous choice is coupled with a complete failure to find any facts to which the law can be applied, it is respectfully submitted that the situation is one in which that Circuit Court of Appeals has so far departed from the accepted and usual course of judicial proceedings as to call for an exercise of this Court's power of supervision.

**The Third Question: Can a patentee by contract make a purely restrictive use of a trade-mark so as to extend his patent monopoly either beyond the term of his patent or to articles which do not infringe his patent?**

There are two separate fact situations in the instant case which present the above question for determination. One concerns the patented anesthetic tablet, and the other concerns the unpatented ampule.

Under the 1918 contract, petitioner received a grant of the exclusive right to manufacture and sell a patented article, the anesthetic tablet. This grant was continued in the 1930 contract.

We submit that upon the expiration of that patent, petitioner retained the right to sell the patented tablet under the name it had been known, namely, "Conducto tablets", without the continued payment of royalties. (Compare *Kellogg v. National Biscuit*, 305 U.S. 111; 83 L. ed. 73 and *Singer v. June*, 163 U.S. 169; 41 L. ed. 118)

### **The Conflict with the Second Circuit Court of Appeals.**

The conflict in this instance is with the Second Circuit Court of Appeals which, in the case of *President Suspender v. Macwilliam*, 238 F. 159, answered "No" to Question 3. To both of the specific sub-questions 3-a and 3-b (see page 10, *supra*) it answered "Yes".

The facts in that case are as follows:

In the *Suspender* case, the inventor of a suspender, who had used the trade-mark "President" in connection with his manufacture and sale of the patented suspender, granted to the plaintiff an exclusive license, for the term of the patent, to make and sell the patented suspender. The patentee also transferred the good will of the business, and it sold the machinery, tools and stock and other assets to plaintiff. The contract however made no mention of the trade-mark "President". In that case, the plaintiff was the grantee and occupied the position of petitioner in this case.

After the license was entered into, the grantor, or defendant, secured trade-mark registration on the word "President" for suspenders (233 F. 436).

After the patent expired, defendant began to use the trade-mark "President" on suspenders, and plaintiff sued for trade-mark infringement. The court held for plaintiff in spite of defendant's contention that the contract did not specifically grant the right to use the trade-mark, and should therefore be construed simply as a license which terminated upon expiration of the patent.

The fact that the license could have been cancelled prior thereto, contended the defendant, evidenced a recognition by the grantee of a superior or reversionary trade-mark right in the grantor.

The court held that:

"The cancellation clause did not impair the licensee's right to the trade-mark, any more than it impaired his right to sell the patented article. The right of the plaintiff to the trade-mark must be regarded as exclusive of the defendant, as was the plaintiff's right to manufacture and sell the patented article." (238 F. 162.)

The main difference between the *President* case and the instant case is that the President agreement transferred the good will of the business; whereas, the 1918 contract here in issue contains no such transfer of whatever good will, if any, that respondent possessed at that time. However in the instant case, respondent covenanted not to manufacture and sell any of the articles which formed the subject matter of the contract so that the result is the same as far as the grantor's disability to use the trade-mark is concerned. The Second Circuit Court of Appeals held:

"The right to the use of a trade-mark passes to anyone who takes the right to make or sell the particular article to which the trade-mark has been attached. *Filkins v. Blackman*, Fed. Cas. No. 4,786." (238 F. 162.)

The reasoning of the court in holding for the plaintiff-grantee was based on the fundamental premise that:

"A trade-mark right cannot exist independently of some business in which it is used. The sole function of a trade-mark being to indicate the origin or ownership of the goods, it cannot exist apart from the business to which its use is incident. There is no such right known to the law as an exclusive ownership in a trade-mark *apart from the right to use it in a business*. It cannot exist as a right in gross." (238 F. 161.) (Emphasis ours.)



On the same facts, except in connection with the right of registration and not with the issue of infringement, the Court of Appeals of the District of Columbia reached the same conclusion in *Macwilliam v. President Suspenders*, 46 App. D.C. 45; 1917 Commissioner's Decisions 179, 181.

"Nothing seems to be better established in the law of trade-marks than that where the owner of a trade-mark grants the right to another, either by sale or license, to use the mark on the goods with which its use is connected and abandons its use himself, he cannot afterward either deprive his assignee of the right to its use or set up an adverse use. By use in connection with the business, the assignee acquires the title abandoned by the assignor, and the title is of that exclusive character which is entitled to protection even against such assignor."

That the above is the established law in the Court of Appeals for the District of Columbia, is also evidenced by the opinion in *Reptogle v. Air-Way*, 287 F. 765 (1923).

**The decision of the Seventh Circuit Court of Appeals sanctions a device for surmounting recent decisions of this Court on contributory infringement.**

Although the Seventh Circuit Court of Appeals on the authority of *Morton Salt v. Suppiger*, 314 U.S. 488, 86 L. Ed. 363, and *Carbice v. American*, 283 U.S. 27, 75 L. Ed. 9, held that it would be contrary to public policy to extend respondent's patent monopoly on syringes to include replaceable ampules, still it sanctioned the validity of the 1930 contract as a device for extending respondent's monopoly beyond that inherent in his patent grant.

This was on the ground that it related to trade-marks as well as to patents. This Court has never had before it

a similar question, wherein an alleged license contract involved both trade-marks and patents.

We submit that the Seventh Circuit Court of Appeals should have applied the law of the *Morton Salt* case to its ultimate conclusion and have refused all aid on a collateral cause of action which has the effect of maintaining or enlarging a monopoly on an unpatented article. In the *Morton Salt* case, the collateral cause of action was to establish the validity of a patent in a suit for direct infringement; here, the purpose is to establish the validity of a registered trade-mark, the collateral action being coupled with a direct action for contributory infringement. In both cases, the successful prosecution of the collateral action would be a powerful aid to the maintenance of an attempted monopoly in an unpatented article, to the end that the public policy underlying the grant of the patent could be thwarted.

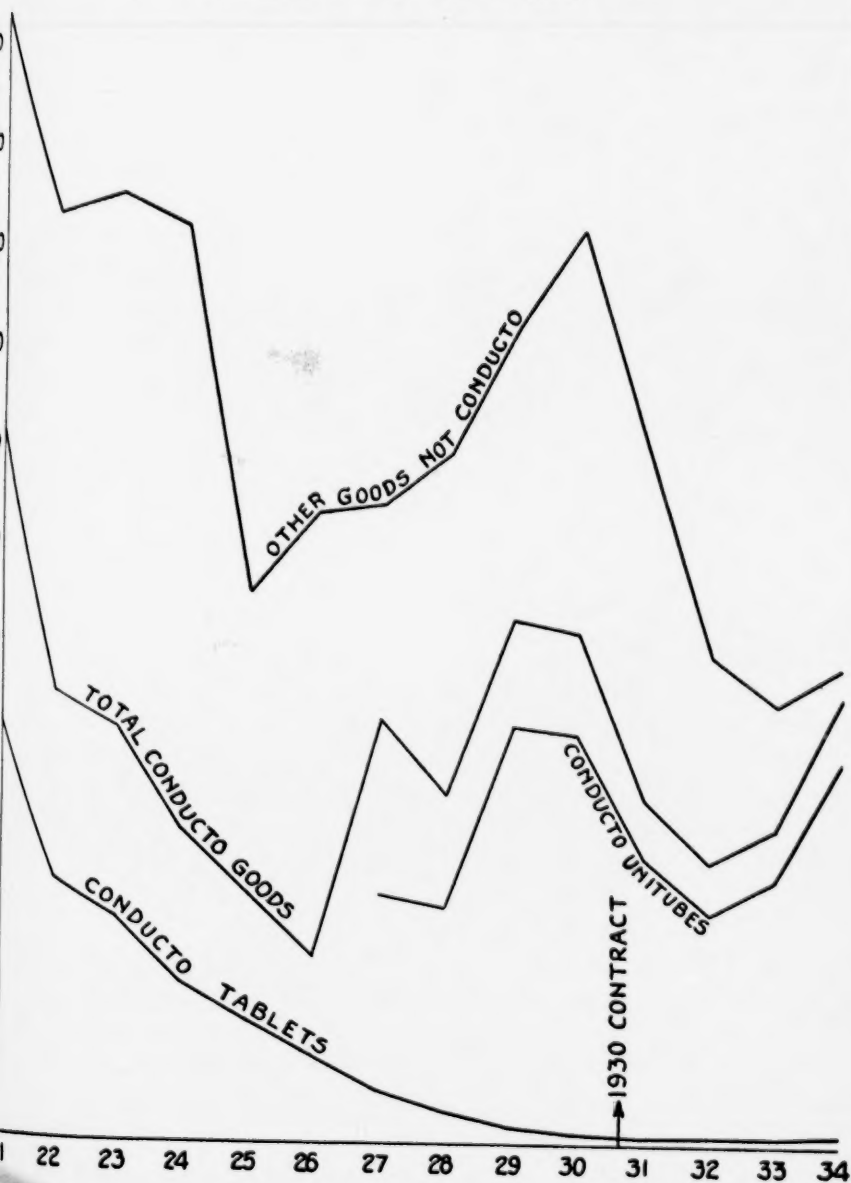
*Morton Salt Co. v. G. S. Suppiger Co.*, 314 U.S. 493, 86 L. Ed. 366:

“Maintenance and enlargement of the attempted monopoly of the unpatented article are dependent to some extent upon persuading the public of the validity of the patent, which the infringement suit is intended to establish. Equity may rightly withhold its assistance from such a use of the patent by declining to entertain a suit for infringement, and should do so at least until it is made to appear that the improper practice has been abandoned and that the consequences of the misuse of the patent have been dissipated.”

We have previously indicated that the ampules were petitioner's own development, that they were placed on the market by petitioner to fill a demand that the patented tablet was not filling, as is evidenced by the falling sales of the latter. We show in graphic form herein, a comparison between the tablet sales and the ampule sales, taken from the sales analyses, defendant's Exhibits 20 to

30 and 45 to 48, inclusive (R. 621-632). The ampules were an established commercial success at the time of the 1930 contract.

**Petitioner's Sales 1921 to 1934.**



There would be no color whatsoever to respondent's claim if the 1930 contract had not been executed. This is for the reason that subsequent to 1930, about 97% of the articles sold under the trade-mark "Conducto" were not the articles of the 1918 contract. But because of the 1930 contract, petitioner paid royalty on allegedly patented ampules, and hence the Circuit Court of Appeals concluded that "defendant's business was conducted by sufferance of the plaintiff" (R. 786).

We contend that the 1930 contract is a clear misuse of the syringe patents in issue in the Courts below.

The Circuit Court of Appeals based its decision in large measure on various alleged restrictions in the contracts whereby "defendant's use was definitely limited" (R. 781). Without going into the collateral question of whether this conclusion has any basis in fact (see petition for correction of the opinion, R. pp. 859 to 877), we contend that unless these restrictions are limited to the manufacture and sale of patented articles, they are illegal.

In the *General Electric* case, 272 U. S. 476, 489, 490, 47 S. Ct. 192, 196, 71 L. Ed. 362, the Supreme Court established the principle that a patentee may grant a license "upon any condition the performance of which is reasonably within the reward which the patentee by the grant of the patent is entitled to secure," and may restrict the selling of the patented article by his licensee by limiting the method of sale "provided the conditions of sale are normally and reasonably adapted to secure pecuniary reward for the patentee's monopoly."

Also: *Ethyl Gasoline Corp. v. United States*, 309 U.S. 436, 455-457, 84 L. Ed. 851, 861.

"The patent law confers on the patentee a limited monopoly, the right or power to exclude all others from manufacturing, using, or selling his invention.

Rev. Stat. Sec. 4884, 35 USCA Sec. 40. The extent of that right is limited by the definition of his invention, as its boundaries are marked by the specifications and claims of the patent. \* \* \* He may grant licenses to make, use or vend, restricted in point of space or time, or with any other restriction upon the exercise of the granted privilege, save only that by attaching a condition to his license he may not enlarge his monopoly and thus acquire some other which the statute and the patent together did not give.

"He may not, by virtue of his patent, condition his license so as to tie to the use of the patented device or process the use of other devices, processes or materials which lie outside of the monopoly of the patent licensed; \* \* \* or condition the license so as to control conduct by the licensee not embraced in the patent monopoly."

The construction placed by the Circuit Court of Appeals on this 1930 contract, and the effect given thereto, clearly indicate that the purpose of the contract is to serve as a type of insurance against a possible future holding of non-infringement or invalidity of the patents concerned. Therefore the contract is clearly a device for the extension of the patent monopoly contrary to public policy.

This Court has held that the method by which the monopoly is sought to be extended is immaterial.

*United States v. Univis Lens Co.*, 316 U.S. 241, 251, 86 L. Ed. 1408, 1419:

"In construing and applying the patent law so as to give effect to the public policy which limits the granted monopoly strictly to the terms of the statutory grant, *Morton Salt Co. v. G. S. Suppiger Co.*, 314 U.S. 488," L. Ed. "363, 62 S. Ct. 402, the particular form or method by which the monopoly is sought to be extended is immaterial."

*Mercoid Corp. v. Mid-Continent Invest. Co.*, 88 L. Ed. Advance Opinions 262, 265 (Nos. 54 and 55; 1944).

"The necessities or convenience of the patentee do not justify any use of the monopoly of the patent to create another monopoly. The fact that the patentee has the power to refuse a license does not enable him to enlarge the monopoly of the patent by the expedient of attaching conditions to its use. *United States v. Masonite Corp.*, *supra* (316 U.S. p. 277, 86 L. ed. 1474, 62 S. Ct. 1070). The method by which the monopoly is sought to be extended is immaterial. *United States v. Univis Lens Co.*, *supra* (316 U.S. pp. 251, 252, 86 L. ed. 1418, 1419, 62 S. Ct. 1088)."

To summarize: The extended monopoly was asserted:

1. From 1930 to 1935, by means of contract;
2. From 1935 to date, by means of this suit alleging
  - a. Contributory infringement of a patent
  - b. Trade-mark infringement.

The Seventh Circuit Court of Appeals has held "*2a*" to be against public policy, but "*2b*" was held to be well founded in law because premised on "*1*."

But if "*2a*" is against public policy, "*1*" should also be against public policy.

Therefore, "*2b*" should be decided on issues other than "the intention of the parties as shown by such agreements, as well as their conduct"; or, relief should be denied altogether.

The legal effect of this scheme to extend the patent monopoly beyond the limitations of the patent grant is an important federal question which has not been, but which should be, decided by this Court.

**The Fourth Question:** In questions involving a so-called trade-mark license, do not the interests of the public so far supersede the interests of the private litigants that the intent of the contracting litigants is not determinative of the issue?

In this case a grant of the exclusive right to make and sell certain specified articles has been construed, erroneously we contend, as a trade-mark license. This construction has been based on the intent of the parties, as expressed in certain other provisions of the contract, other than the granting clause, together with such extrinsic evidence as is considered pertinent.

Even in cases where the instrument itself purports to be a trade-mark license, and the intent is necessarily expressed directly, it has been held that the licensor retains no superior and reversionary right. *American Dirigold v. Dirigold*, 125 F. (2d) 446, 454; *Lea v. New Home*, 139 Fed. 732. The intent of the parties, if against public policy, is not necessarily determinative of the issues. This Court has ignored intent as expressed by contract provisions that are against public policy. See *S. S. Ansaldo San Giorgio v. Rheinstrom*, 294 U.S. 494, 79 L. Ed. 1016.

In trade-mark cases, the authorities indicate that a license which attempts to create a reversionary right in a trade-mark apart from the right to use it in a business is against public policy. Such an instrument will be construed as a matter of law as a transfer of the trade-mark (*President v. Macwilliam*, 238 F. 159, 164), or else as an abandonment of the mark.

*Nims on Unfair Competition and Trade-Marks*, Third Edition, 1929, Section 22, pages 67, 68:

"The rule governing attempts to license trade-marks rests on the nature and function of trade-marks. A trade-mark indicates but one source of goods. If it represents more than one source it is not a trade-mark. Its function is to indicate the source of the merchandise on which it appears in terms of the individuality of that source. The owner of a mark may place it on goods he does not manufacture. It is enough if he makes them his own by becoming sponsor for them. Trade-mark owners sell manufactured goods under marks which they own, yet they own no factories, and employ no workmen. The mark indicates to the public an article for which its owner is responsible. It is a guarantee of commercial source, not of manufacturing source.

"This being the nature of marks of trade, all use of such marks by lease, license or grant are unnatural uses, confusing to the public, and all contracts of lease, license or grant are contrary to public policy unless the transfer is accompanied by a transfer of the business itself. Especially is this rule important as to marks used on medicines, goods or articles that may be harmful in use. Public interest requires that brands shall afford the consumer accurate means of ascertaining the exact source of merchandise. Licensing and leasing of brands is inconsistent with this principle. A lease or license of a mark apart from its business with which it is used, constitutes an abandonment of the mark and rightfully so."

*MacMahan v. Denver Chemical*, 113 Fed. 468-74; 51 C.C.A. 302—1901:

"A trade-mark cannot be assigned, or its use licensed, except as incidental to a transfer of the business or property in connection with which it has



been used. An assignment or license without such a transfer is totally inconsistent with the theory upon which the value of a trade-mark depends and its appropriation by an individual is permitted. The essential value of a trade-mark is that it identifies to the trade the merchandise upon which it appears as of a certain origin, or as the property of a certain person.

\* \* \* Disassociated from merchandise to which it properly appertains, it lacks the essential characteristics which alone give it value, and becomes a false and deceitful designation. It is not by itself such property as may be transferred."

There have been no cases decided by this court, so far as petitioner has been able to determine, involving trade-mark licenses.

The decisions of this court, however, in other trade-mark cases appear to preclude any contention that the licensor can be possessed of any reversionary right to the trade-mark, or of any trade-mark in gross, when he is not the owner of an existing business. (See cases discussed herein under "The First Question"). In other words, by contract, one may not create a trade-mark right in gross.

The cases cited by the Seventh Circuit Court of Appeals, which relate to trade-mark licenses, all concern situations in which the licensor was possessed of an existing business, either the manufacture or sale of certain articles, in connection with which the trade-mark was used. Therefore it is submitted that these cases are not applicable to the present situation where the alleged licensor was inactive.

Some authorities which refuse to recognize a reversionary right created by contract in a trade-mark, apart from

the right to use that trade-mark in a business are the following:

- President v. Macwilliams*, 238 F. 159 (2nd Circuit);  
*Goodwin v. Camp*, 295 F. (2) 785 (6th Circuit);  
*American Dirigold v. Dirigold*, 125 F. (2) 446 (6th Circuit);  
*Amiesite Asphalt Co. v. Interstate Amiesite*, 4 F. Supp. 504, Appeals Dismissed 72 F. (2) 946 (3rd Circuit);  
*MacMahan v. Denver Chemical Co.*, 113 F. 468 (8th Circuit);  
*Coca Cola Co. v. Coca Cola Bottling Co.*, 269 F. 796 (Dist. Court, Delaware);  
*Macwilliam v. Suspender*, 46 App. D. C. 45 (Dist. of Columbia);  
*Replogle v. Airway*, 287 F. 765 (Dist. of Columbia);  
*Lea v. New Home Sewing Mach.*, 139 F. 732 (Cir. Ct. New York);  
*Jergens v. Woodbury*, 273 F. 952; Affirmed 279 F. 1016 (3rd Circuit).

If, in the Seventh Circuit, the law is to be that the intent of the parties to a so-called trade-mark license is to control, there will not be that uniformity of trade-mark law under the federal statutes as will promote the free development of interstate commerce. For instance:

1. Intent as to ownership of the trade-mark apart from the business: A trade-mark registrant would be able, in the Seventh Circuit, to license several manufacturers to make and sell different but related products bearing the same trade-mark. The trade-mark would lose its identity. It would no longer be "a merchandising short cut which induces a purchaser to select what he wants, or what he has

been led to believe he wants (*Mishawaka v. Kresge*, 216 U. S. 203, 205; 86 L. Ed. 1381, 1384).

2. Intent to expand the patent monopoly: A Seventh Circuit manufacturer threatened with patent infringement and induced to enter into a license contract will never be free of the patent monopoly if the patentee is permitted to require that the allegedly patented goods be sold under a registered trade-mark.

3. Intent to impose unlawful restriction: By recognizing an absolute right in a registered trade-mark, the door is open to permit the registrant to impose restrictions on the manufacture and sale of unpatented articles by an alleged licensee in the Seventh Circuit which could be enforced by threat of injunction under the trade-mark statutes even though equity might refuse specific performance of the alleged license contract.

4. Intent to conceal property: By the power to enjoin a former licensee under the trade-mark statutes, and thereby to appropriate his good will, a reversionary right in intangible personal property is created by mere registration, to the prejudice of the purchasing public and of the licensee's creditors.

Therefore it is respectfully submitted that the Seventh Circuit Court of Appeals, in a case based on the trade-mark statutes, has decided an important question of federal law which has not been, but should be, settled by this Court, by deciding that the intent of the litigants as expressed in the grant of an exclusive right to manufacture and sell certain unpatented articles, should supersede the interests of the public in the common ownership of the trade-mark and the business in which it has been exclusively used.

### CONCLUSION.

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The Court below has rendered a decision which is ill considered and which creates novel and erroneous doctrines of the law. The decision involves not only the rights of a trade-mark registrant under the federal trade-mark statutes, but it also involves an attempt to expand an alleged patent monopoly beyond the limitations inherent in the patent grant. This latter result is effected by means of an exclusive grant of the right to manufacture and sell certain articles which has been erroneously interpreted as a trade-mark license, as well as a patent license.

The result of the opinion of the Court below is that by injunction, petitioner in effect will be deprived of a valuable property right in a portion of his corporate name which portion it has used for many years as a trade-mark.

Wherefore petitioner earnestly prays that the petition for writ of certiorari be granted, the case be reviewed, and the decree of the Circuit Court of Appeals be reversed insofar as it relates to the issues of trade-mark infringement and unfair competition.

Respectfully submitted,

DENTAL PRODUCTS COMPANY, INC.,  
*Petitioner,*

By MAX W. ZABEL,  
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Chicago, Illinois,  
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W. BAYARD JONES,  
*Of Counsel.*



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IN THE  
**Supreme Court of the United States**

OCTOBER TERM, 1943.

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**No. 924**

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DENTAL PRODUCTS COMPANY, INC.,  
*Petitioner,*

*vs.*

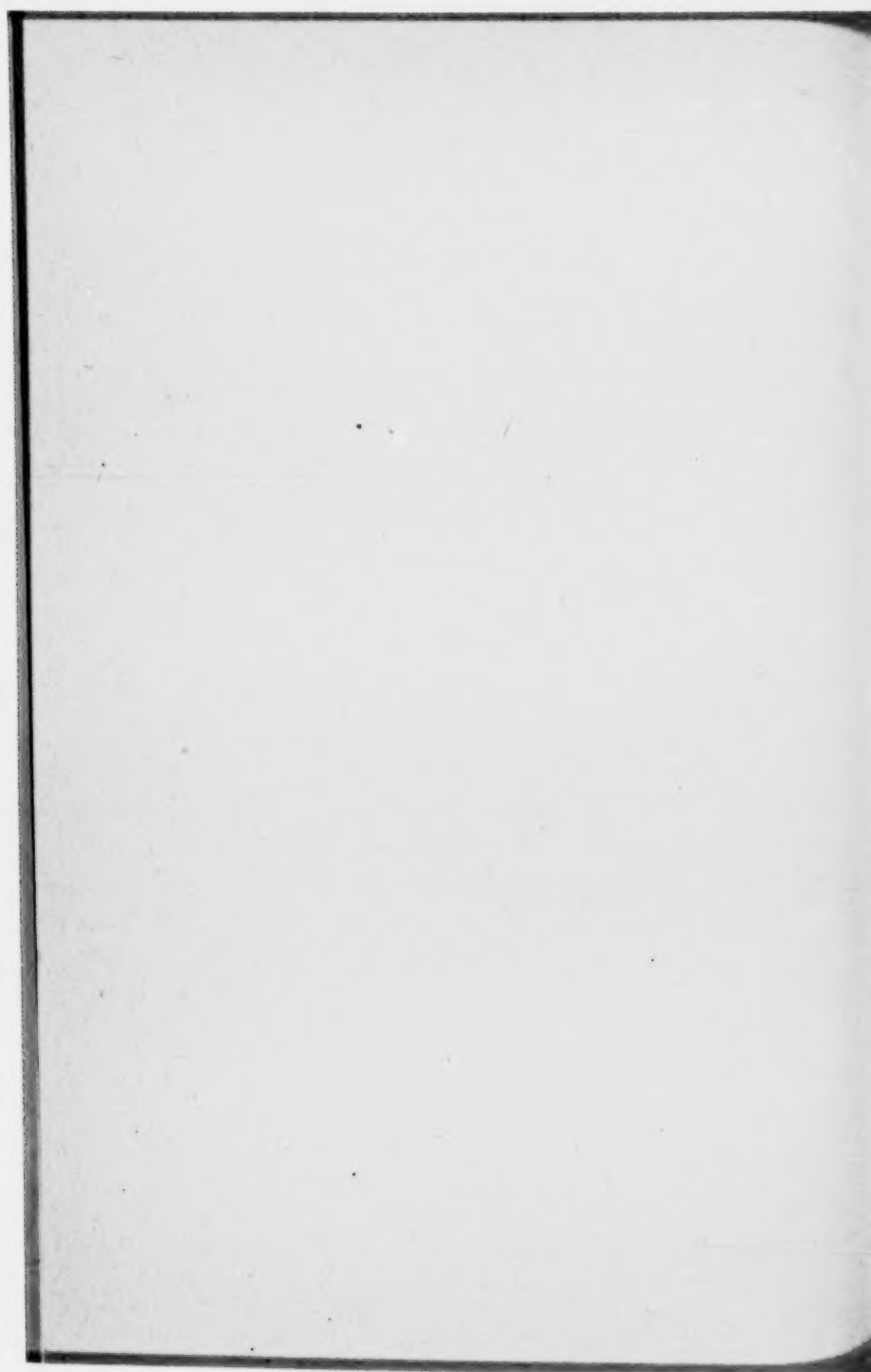
ARTHUR E. SMITH,  
*Respondent.*

---

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR A  
WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS  
FOR THE SEVENTH CIRCUIT.

---

JAMES R. McKNIGHT,  
*Counsel for Respondent.*









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IN THE  
**Supreme Court of the United States**

OCTOBER TERM, 1943.

---

**No. 924.**

---

DENTAL PRODUCTS COMPANY, INC.,  
*Petitioner,*

*vs.*

ARTHUR E. SMITH,  
*Respondent.*

---

**RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT.**

---

THIS COURT DENIED PETITIONS FOR WRITS OF CERTIORARI IN THE TWO CASES CITED BY THE CIRCUIT COURT OF APPEALS AS A BASIS FOR ITS DECISION IN THIS CASE.

---

The decision of the Circuit Court of Appeals herein was properly based on the precedents established in *Lawrence-Williams Co. v. Societe Gombault*, 22 Fed. 2nd 512 (C. C. A. 6) and *Morand Bros. v. Chippewa Springs Corp.*, 2 Fed. 2nd 237 (C. C. A. 7). A petition for a writ of certiorari was filed in each of these cases and was denied by this Court in *Lawrence-Williams Co. v. Societe Gombault* in 279 U. S. 619 and in *Chippewa Springs Corp. v. Morand Bros.* in 267 U. S. 592.

Likewise in the case at bar the petition for writ of certiorari should be denied.

### Supplemental Statement of the Matter Involved.

This is a trade-mark infringement and unfair competition case in which the decision of the Circuit Court of Appeals for the Seventh Circuit is based on the particular facts involved herein. These facts include the previous contractual and trustee relationship between the parties, the admitted assignments of trade-mark registrations involved herein from the petitioner to the respondent and the many estoppels binding the petitioner.

Petitioner's statement of the matter involved is inaccurate, colored and omits pertinent data. The following is added for clarification of petitioner's statement.

Respondent is a dentist and oral surgeon. (R. 376.) In 1914 he began his work on the technique of nerve blocking. (R. 377, 665.) Because the work was new he created new instruments and medicaments, (R. 214, 232, 377) the use of which he demonstrated in his lectures before practically every dental society and university in the United States. (R. 377-8, 665.)

The thousands of dentists who attended these classes wanted Dr. Smith's instruments and medicaments for use in their practice. (R. 232, 268, 283, 287, 368, 375, 381.) They could not be purchased on the market. (R. 232, 268, 283, 287, 368, 375.) In order to supply this demand Dr. Smith had these items manufactured. (R. 377-380.) He coined, adopted, and was the first user of the trade-marks Conducto and Denpro which he places on these goods. (R. 216, 232-3, 352, 356, 380, 665.) He then supplied the ever increasing demand of the profession for these dental products. (R. 178, 214, 231, 268, 285, 357, 361, 366, 374-5, 378-383, 399, 502.)

The sales of said products were on a national scale, substantial, extensive and continuous, and established Dr. Smith as the source of origin of products bearing the

trade-marks Conducto and Denpro. (R. 368, 373, 374, 381, 383, 397, 399.) Purchasers, including dentists and dealers, associated the trade-marks Conducto and Denpro with Dr. Smith. (R. 255, 263, 308, 368, 373, 374.) Many dealers in dental products, who testified as petitioner's witnesses, admitted that they have always associated Conducto with Dr. Smith. (R. 415, 416, 420, 426, 445-6, 479, 491, 498, 499, 532, 540-1, 546.)

In 1917 the defendant Dental Products Company sought out Dr. Smith (R. 387) desiring to handle his new Conducto and Denpro products. (R. 362.)

In 1918 Dr. Smith and Dental Products Company entered into an agreement whereby for certain royalties the latter was to make dental products in accordance with Dr. Smith's specifications and to sell them under "the trade-marks of the first party" (Dr. Smith) and under his name and supervision. (Respondent's Exhibit 81, R. 602-609, 666, 387.) All products and advertisements were to bear "Suggested by Dr. Arthur E. Smith" or "Designed by Dr. Arthur E. Smith." (R. 605, 666, Respondent's Exhibit 81.)

The second agreement between the parties executed in 1922 merely set new payments, and continued the 1918 agreement in full force and effect. (R. 387, 609-11, Respondent's Exhibit 82.)

The third agreement between the parties, executed in 1930 and admitted in petitioner's answer, (R. 10-11) provided that Dental Products Company may manufacture and sell certain articles to be sold under the name Arthur E. Smith, or under his trade names and trade-marks. (R. 387, 612, 666, Respondent's Exhibit 83.) The agreement specifically mentioned certain Conducto items, continued the provision that the goods and advertisements be marked "Suggested" or "Designed by Arthur E. Smith,

M. D., D. D. S." and required that Dr. Smith should pass on all labels and advertisements. (R. 612, 614, Respondent's Exhibit 83.)

Dental Products Company makes no claim to use of the trade-mark Conducto prior to Dr. Smith. (R. 362, 400, 550, 565.) Petitioner admits in page 3 of the Petition that it did not use Denpro as a trade-mark before 1925 but claims to have used the abbreviation Den.Pro.Co. at an early date. Their past president disposed of this by testifying "it was not a trade-mark." (R. 550.)

Dr. Smith fully complied with his part of the agreements, cooperated in every way, spent considerable time at the factory of Dental Products Company, designed cartons, prepared descriptive matter and supervised the labels and products. (R. 390, 400, 408, 580.)

During the existence of the agreements between the parties, Dr. Smith filed an application in the United States Patent Office to register his trade-mark Conducto Unitube. (R. 388.) This application was rejected on two prior registrations of Conducto, which Dr. Smith then learned had been taken out without his knowledge by the Dental Products Company. (R. 388.) Dr. Smith immediately demanded an assignment of these trade-mark registrations. (R. 743, 745, Respondent's Exhibits 78 and 2.) Recognizing Dr. Smith's rights in the trade-mark Conducto and the registrations therefor, Dental Products Company then executed on February 13, 1928, an assignment to Dr. Smith of the trade-mark Conducto and the two registrations 134,927 and 133,115 therefor, which was recorded in the United States Patent Office in Liber P 133, page 182, on February 18, 1928, as admitted in paragraph 6 of petitioner's. (R. 10, 388, 395, 666, Respondent's Exhibit 79.)

The rejection of Dr. Smith's application for registration of his trade-mark Conducto Unitube was then with-



drawn and certificate of registration No. 261,147 issued to him on September 17, 1929. (R. 386, 666, Respondent's Exhibit 1.)

Because of breach of contract, the agreement between Dr. Smith and the Dental Products Company was cancelled on February 10, 1935. (R. 394, 617, 666.) This cancellation is admitted in paragraph 11 of defendants' answer. (R. 11.)

After the cancellation of the contract, Dental Products Company continued to sell Conducto, Conducto Unitube and Denpro products. (R. 391, 556.) Dr. Frame, the former president of Dental Products Company, first testified that his company had sold Conducto products "up to 1935" then later admitted that "the trade-mark has been used since that time." (R. 556.)

Petitioner made no claim to the trade-marks Conducto and Conducto Unitube in its answer, but did claim ownership of the trade-mark Denpro. (R. 9-13.)

On March 1, 1935, Dental Products Company began emphasizing Denpro and minimizing Conducto in their catalog (R. 528), and in their packages. (R. 88-90, Respondent's Exhibits 14, 16, 18, 23, 108, 115, 117, 118.)

The scroll that had accompanied Conducto was retained in the use of Denpro. (R. 543, Respondent's Exhibits 122 and 123.) That scroll had been used by Dr. Smith on his products in demonstrating before his classes in 1914-1918. (R. 403, Respondent's Exhibit 49.) The design of the original package which Dr. Smith had created was followed even to the color scheme. (R. 390, 400, 543, Respondent's Exhibits 122 and 123.)

Whenever purchasers ordered Conducto items Denpro products were palmed off. (R. 102, 157, 52, 53, 543.) Respondent's Exhibits 31, 53 and 54 shows Denpro tubes of surgical dressing which were packed and sent in Conducto

cartons. (R. 102, 157.) When Conducto Unitubes were ordered, Denpro Unitubes were furnished. (R. 52, 53.) Petitioner's own dealers testified that when Conducto was ordered, they supplied Denpro. (R. 322, 429, 430, 456, 501, 542-44.) These sales directly infringed respondent's trade-mark Denpro, and were also acts of unfair competition in palming off Denpro products as and for Dr. Smith's Conducto products.

Subsequent to the cancellation of the contract in 1935, Dr. Smith personally continued sales of his Conducto, Conducto Unitube and Denpro medicaments and instruments. (R. 394-97.) Denpro was registered by Dr. Smith in the United States Patent Office as registration 328,935 without objection or opposition by petitioner. (R. 386, 666, Respondent's Exhibit 4.) Many witnesses testified to purchases of Conducto, Conducto Unitube and Denpro dental products from Dr. Smith from 1935 up to the date of the trial herein. (R. 141, 146, 147, 149, 150, 157-60, 175, 198, 305-308, 335-7 and 666, Respondent's Exhibits 50, 57, 58, 64, 65, 67, 70, 71, 72, 73, 75.)

## ARGUMENT.

### **The Petition Presents No Reviewable Question.**

There is no reviewable question of fact or law presented in the petition. The petition represents an attempt on the part of petitioner to avoid the decision below by trying to raise issues not involved in this proceeding.

This Court accepts the facts as found below, and will not review the weight of the evidence. *Williams Company v. Shoe Machinery Corp.*, 316 U. S. 364, 367.

The decision of the Circuit Court of Appeals was based on well settled principles of law, applicable to the facts as found. The precedents included *Lawrence Williams v. Societe Gombault*, 22 Fed. 2nd 512 (C. C. A. 6), *Morand Bros. v. Chippewa Springs Corp.*, 2 Fed. 2nd 237 (C. C. A. 7), *U. S. Ozone Co. v. U. S. Ozone Co.*, 62 Fed. 2nd 881 (C. C. A. 7), *Hicks v. Anchor Packing Co.*, 16 Fed. 2nd 723 (C. C. A. 3) and *Ritz Cycle Car Co. v. Driggs*, 237 Fed. 125 (S. D. N. Y.), and involved thorough consideration of the cases urged by petitioner, *Hanover v. Metcalf*, 240 U. S. 403, *United Drug v. Rectanus*, 248 U. S. 90 and *MacWilliam v. President Suspender*, 46 App. D. C. 45.

Petitioner's lengthy and confused argument in criticism is without merit and has been created solely as a vehicle to this Court.

Brief response is hereinafter made to the four alleged questions of the petition:

### I.

Petitioner's claim in its first question that respondent was not the owner of an existing business is without basis. When petitioner urged that because respondent was a dentist that he had no place of business and therefore no

business, the Circuit Court of Appeals for the Seventh Circuit correctly called this argument "illogical". (R. 777.)

Dr. Smith did have a business and continued the business by contractual relationship with the petitioner. Never did Dr. Smith make any transfer of his business or assignment of this trade mark to petitioner. Never did Dr. Smith abandon any of his trade-marks. By these contracts Dental Products Company recognized that Dr. Smith was and would remain the owner of the trade-marks. The contract created Dental Products Company as a mere agent or trustee of Dr. Smith, and when Dental Products Company breached the contract and became an infringer, it was in effect a trustee *ex malificio*. Dental Products Company acquired no rights of ownership to the trade-marks by contract, and certainly could acquire no rights after breach of the contract by infringement.

In addition to the estoppel by the contractual relationship between the parties, Dental Products Company actually assigned the registrations involved in this suit on Conducto so that Dr. Smith could obtain registration of Conducto Unitube. This is an estoppel by assignment, which petitioner has admitted in the record. (R. 10.) There are other estoppels by conduct, binding on the Dental Products Company, needless to go into.

*Hanover v. Metcalf*, 240 U. S. 403, and *United Drug v. Rectanus*, 248 U. S. 90 were cited and discussed at length by the Circuit Court of Appeals. (R. 776, 781.) These cases and the others cited by petitioner are not pertinent because there always has been an existing business and the marks have not been assigned or used apart from this business.

The decision of the Circuit Court of Appeals herein was properly based on *Lawrence Williams Co. v. Societe Gombault*, 22 Fed. 2nd 512 (C. C. A. 6) and *Morand Bros. v. Chippewa Springs Corp.*, 2 Fed. 2nd 237 (C. C. A. 7). It

is important to note that both of these cases set forth facts of contractual relationship and estoppel similar in general to the particular facts of the case at bar.

## II.

The second question raised by petitioner cannot be an issue in this case, because respondent's trade-mark Denpro is not an appropriation of a portion of Dental Products Company, the name of petitioner. Petitioner's name is not Denpro Products Company; it is Dental Products Company. The issue fails as not based on fact.

Petitioner did not claim in its pleadings, either in its answer or counterclaim (R. 9-13) that respondent had made an appropriation of its name. There never was any proof of such a claim. The issue has never been raised before and there is no basis for its interpolation now.

Furthermore in *American Steel Foundries v. Robertson*, 269 U. S. 372, cited by petitioner, this Court held that registration of the trade-mark Simplex for brakes should not be denied, because of the prior existence of a corporation entitled Simplex Electric Heating Company.

Following the holding in this case Denpro would not be denied registration because the corporate title of the petitioner was Dental Products Company. Dr. Smith's registration 328,935 of Denpro was unopposed in the Patent Office by petitioner. The use on which this registration is based dates back to 1914, years prior to the incorporation of Dental Products Company and its isolated and not continued use of the abbreviation Den.Pro.Co. The proofs show that Dr. Smith coined Denpro from dental profession. (R. 380.) The dental profession and the dental dealers, including petitioner's dealers, have always associated Denpro with Dr. Smith. (R. 263, 308, 367-8, 373-4, 415-6, 420, 430, 479, 498-9.) Under these circumstances it cannot be

seriously urged that respondent's trade-mark Denpro is a partial appropriation of Dental Products Company. There is no such issue, either in fact or law.

### III.

The third question raised by petitioner is not an issue in this case. The contracts between the parties hereto could not be construed by any stretch of the imagination to extend any patent monopoly. Furthermore, this is not a suit for breach of contract. This is a pure case of trade-mark infringement and unfair competition. No patents are before this Court.

Dr. Smith's trade marks Conducto, and Denpro were used by him on his syringes, intra-osseous instruments, surgical dressings, needles, ampules, unitubes, and anesthesia tablets, and other instruments and medicaments. At the time of the first agreement with Dental Products Company in 1918 some of these products were patented and others were not patented. Many never were patented. Neither of the trade-marks Conducto or Denpro ever became generic as indicating a definite patented product.

Petitioner urges the doctrine of *Singer v. June*, 163 U. S. 169 and *Kellogg v. National Biscuit*, 305 U. S. 111.

These cases and those following it held that a trade-mark which has become the generic name for a patented article is open to use in describing the patented article after the patent has expired. But the trade-mark must be the generic name of the article and this fact must be proved. The trade-marks Conducto and Denpro in this case are not the generic names of the tablets or of the syringes or of the intraosseous instruments or any other patented article. A case in point is that of *Enders Razor Co. v. Christy*, 85 Fed. (2nd) 195 (C. C. A. 6), where the Court said:

"If the name 'Keen Kutter' is a generic descrip-

tion of the razor and the blades, then it is also a generic designation for knives, saws, hatchets, etc.

\* \* \* One might conceivably have gone to a retail store and asked for a 'Singer' during the life of the Singer patents and immediately been shown a sewing machine; but if he had asked for a 'Keen Kutter,' the salesman would be compelled to ask whether the customer wanted a knife, a saw, a razor, seissors, or some other Simmons product."

Similarly, in this case, if one were to go to a dental supply house either now or during the life of any or all of the patents and ask for a "Conducto," or a "Denpro" the salesman would be compelled to ask whether the customer wanted anesthetic tablets, a syringe, ampules, surgical dressing, intraosseous instruments or other dental supplies. The trade-marks Conducto and Denpro have not become the generic names of any patented article or articles.

Petitioner cites the case of *President Suspender Co. v. McWilliam*, 238 Fed. 159 (C. C. A. 2). In that case, the Court said:

"It is to be observed that the doctrine of the Singer cases rests upon the fact that the name has come to indicate the invention and thus constituted its generic description. The fact that the name 'President' has come to indicate the invention and constitutes its generic description is one of fact, to be proved by evidence. \* \* \* There is no presumption of law, without proof of the fact as above indicated, that a name used on a patented article passes to the public on the expiration of the patent."

The Court then held that in the absence of such proof, the Singer case could not apply.

In the case at bar there has been no proof whatsoever offered by defendants to show that Conducto or Denpro have become the generic names of any one or more patented articles.

Petitioner's digression that *McWilliam v. President Suspendor*, 46 App. D. C. 45 discloses a contractual relationship similar to that between the parties hereto is incorrect, because in that case there was an outright assignment of the business and the trade mark. (R. 781.)

The lengthy argument on pages 27-33 of petitioner's brief is beyond belief. It in effect claims that in giving respondent relief against petitioner's trade-mark infringement and unfair competition, the Circuit Court of Appeals extended respondent's patent monopoly. This is not true. No patents are involved. Petitioner is not restrained from infringing any of respondent's patents. Petitioner is free to make and sell instruments and medicaments provided it does not compete unfairly with respondent and use respondent's trade-marks.

The cases cited are entirely impertinent to this case and need no further discussion.

#### IV.

Petitioner claims as its fourth issue that the public is injured by the decision of the Circuit Court of Appeals for the Seventh Circuit.

Petitioner says that the public is not deceived by its acts of trade-mark infringement and unfair competition. This is not true. When petitioner used respondent's trade-marks, the public and the profession were deceived in thinking they were buying the products which they associated with Dr. Smith. When Dental Products Company sold dental products to its customers and they thought they were buying products supervised by Dr. Smith they were deceived. There is no doubt of the continuing likelihood of confusion.

Petitioner claims that it has not appropriated anything belonging to respondent during the past six years or so



which it did not already own by virtue of use long prior to that time. In other words petitioner claims to own what it once was licensed to use. Petitioner believes that it now is the owner of respondent's trade-marks because it operated by license under them. Defendant forgets one thing. That is that its rights were contractual. Whatever it used, it used solely by license agreement with respondent. It had and could have had no adverse or independent use during the license period. Any adverse use by it after the termination of the license became an infringement of respondent's trade-marks. If petitioner's premise were true, all a licensee would have to do to acquire the property of the licensor would be to commit a breach and carry off the licensor's property as his own. No Court has ever permitted this to take place.

Petitioner claims to be bigger than respondent and to have sold a lot of merchandise. Most of the goods were sold as respondent's licensee. The trade and the profession recognized instruments and medicaments as Dr. Smith's. It is a matter of fact that petitioner became big because it sold Dr. Smith's dental supplies under license for him. Petitioner's business was built upon the use of Dr. Smith's trade-marks and name.

When the contract was terminated petitioner desired to keep on basking in the prosperity resulting from the selling of goods created and sold under respondent's trade-marks and name. The mere fact that it has been a big infringer is all the more reason why it should be restrained for respondent's protection.

Petitioner intimates that respondent wants to extinguish petitioner's business. This is not true because an injunction and an accounting protecting respondent's trademark rights will not deprive petitioner of making and selling dental items under any other trade-marks.

The decision of the Circuit Court of Appeals restraining petitioner's trade-mark infringement and unfair competition protects the public from buying petitioner's goods as and for respondent's goods.

### **Conclusion.**

The only real issues in this case are whether or not Dental Products Company has infringed respondent's trade-marks and has committed acts of unfair competition. These questions have been decided adversely to petitioner, and are not such questions as would justify this Court in granting a writ.

The particular facts of the case including the assignments of registrations in issue from petitioner to respondent, the contractual relationship of the parties, and the estoppels binding petitioner have all been correctly decided. There is no reason for their review in this Court.

The decision below was based on established precedents. No conflict is shown with any decision of this Court, or any of the other Circuit Courts of Appeal. There is no public question involved.

Under the circumstances no ground appears for granting the petition, and it should be denied.

Respectfully submitted,

JAMES R. McKNIGHT,  
*Counsel for Respondent.*



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IN THE  
**SUPREME COURT OF THE UNITED STATES**

OCTOBER TERM, A. D. 1943

**No. 924**

DENTAL PRODUCTS COMPANY, INC.,  
*Petitioner,*

*vs.*

ARTHUR E. SMITH,  
*Respondent.*

**PETITIONER'S REPLY TO RESPONDENT'S BRIEF.**

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### CORRECTIONS IN THE PETITION.

Radio Corp. of Am. v. Rayon is also reported at 139 F. (2d) 833.

At page 13, the citation to the opinion of the District Court below should read: 54 U. S. P. Q. 133.



IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, A. D. 1943

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No. 924

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DENTAL PRODUCTS COMPANY, INC.,  
*Petitioner,*

*vs.*

ARTHUR E. SMITH,  
*Respondent.*

---

PETITIONER'S REPLY TO RESPONDENT'S BRIEF.

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**The First and Fourth Questions.**

Respondent's position with respect to the first and fourth questions appears to be that he can make a *negative and merely prohibitive use of a trade-mark as a monopoly* (Cf. *United Drug v. Rectanus*, 248 U. S. 98). This is apparent at page 8 of respondent's brief where he says that subsequent to 1918 he "continued the business by contractual relationship with petitioner". This was not the issue in *Lawrence Williams v. Societe Gombault*, 27 F. 2d 512, or in *Morand v. Chippewa Springs*, 2 F. 2d 237, where the plaintiff in each case manufactured the trade-marked articles, and hence was at all times the proprietor of an existing business in which the trade-mark was used. The defendant in each case was merely a distributor of those

articles under an exclusive sales agency contract. See our Petition for Rehearing (R. 827) for a discussion of the cases cited by the Court of Appeals.

Those cases did not hold that a contract is an effective substitute for an existing business. But that is what the Seventh Circuit Court of Appeals has held in the instant case. The Court below has not protected the **business** in connection with which the trade-marks in issue have been used but it has protected the alleged rights of one who has made a **negative and monopolistic use** of a trade-mark by means of contract. Therefore the decision of the Circuit Court of the Seventh Circuit Court of Appeals conflicts with *Hanover v. Metcalf*, 240 U. S. 403, and *United Drug v. Rectanus*, 248 U. S. 90.

### The Third Question.

With respect to the conflict with the President Suspenders cases, at page 12, respondent differentiates over those cases by saying that they related to "an outright assignment of the business and the trade-mark". This is incorrect. There was no outright assignment of the trademark. The licensor's contention was based on the proposition that by not assigning the trade-mark he retained a reversionary interest therein. The Court held that the so-called license agreement amounted by operation of law to a transfer of the trade-mark. (238 Fed. 164)

Respondent then states at page 12 of his brief that with respect to the instant case:

"No patents are involved."

The test as to whether or not patents are involved is to consider the situation of the parties in 1930, and then to ask: For what reason was the 1930 contract executed?

petitioner? By 1930 petitioners had been selling the unitubes for three years. They were successful products. Respondent had never sold any. So why should petitioner pay a 10% royalty on further sales on this product? The answer is that respondent claimed that the unitubes contributorily infringed his **syringe patents**. This is the same claim that respondent made nine years later when this suit was filed against petitioner, and it is the same claim that was denied by the Circuit Court of Appeals.

The 1930 contract grants "the sole and exclusive privilege, right and authority to prepare, manufacture and sell the following articles covered by patents" etc., and among the articles listed are "Conducto unitubes." (R. 612) Therefore respondent does not confine himself to the facts when he states that "no patents are involved".

This is not a case in which the respondent has received inadequate reward for his 1918 grant of the exclusive right to make and sell the patented tablet. His royalties under the first contract were based not only on the sales of the patented Conducto Tablets, but also on those devices and instruments enumerated in the 1918 contract which were used in dissolving the tablet and in administering the resulting anesthetic solution. If the consideration for the grant was based on royalty payments, instead of a lump sum, there can be no cause for complaint because the sales fell off as the art progressed. The "Conducto Tablets" curve on the graph at page 29 of our petition shows a fairly constant rate of dropping off which is entirely uninfluenced by petitioner's sale of other goods.

Similarly, a comparison of that curve and the "Other Goods, Not Conducto" curve dispenses with respondent's contentions at page 13 that petitioner's business success is primarily due the sale of "Conducto goods", that peti-

tioner desires to "bask" in the prosperity resulting from their sale, and that petitioner's business now is based on goods "created" by respondent.

### **The Facts as Stated by Respondent.**

Inasmuch as the present issue is the allowance of petitioner's petition for a writ of certiorari, we do not feel that this Court is interested in a detailed catalog of the numerous statements of fact made by respondent which have no support in the evidence whatsoever, and which in some instances are flatly contradicted by the evidence.

It is sufficient to point out that there is nothing in petitioner's "Summary Statement of Matter Involved" which contradicts the findings of the Circuit Court of Appeals, or which has been specifically contradicted by respondent's brief.

The Court of Appeals made certain additional allegations which have absolutely no foundation in the evidence, and these were called to the attention of the Court below in a "Petition for the Correction of Four Statements in the Opinion" (Record 861-877), which petition was denied. The petition for a writ of certiorari has been carefully drawn to avoid reliance on any of these disputed facts, in order to simplify the presentation of the four questions presented herein. The additional facts recited by respondent are based in large measure upon the aforementioned statements by the Court of Appeals.

Respondent refers at page 7 to *Williams v. United Shoe*, 316 U. S. 364-367, but it will be noted that this case refers to the proposition that the Supreme Court will not disturb *concurrent* findings of the Courts below, where there is evidence to support them. It will be observed that in the instant case there was no concurrence between the Courts

below. The District Court held with petitioner on the trade-mark issues.

There is only one fundamental fact which should not be obscured by unsupported remarks in respondent's brief. That fact is: Whatever business respondent had prior to 1918, was discontinued by respondent in 1918, and with it, the use of the trade-marks in issue.

We comment briefly on certain statements in respondent's brief which might tend to obscure that fact:

At the bottom of page 5 of respondent's brief it is stated:

"Whenever purchasers ordered Conducto items Denpro items were *palmed off*."

We would like to point out that purchasers ordering Conducto items ordered products manufactured and sold by Denpro Products Company, and that is what they got. Whether the trade-mark Conducto or Denpro appeared on the items delivered is not a matter which involves deception. Therefore the term "*palmed off*" is an improper term for this always relates to the deception induced by passing off goods of one manufacturer or vendor for the goods of another manufacturer or vendor. "The essence of the wrong in unfair competition consists in the sale of the goods of one manufacturer or vendor for those of another; and if defendant so conducts its business as not to palm off its goods as those of complainant, the action fails." *Howe Scale Co. v. Wyckoff*, 198 U. S. 118, 140; 49 L. Ed. 972, 986.

At page 6 of respondent's brief he states:

"Many witnesses testified to purchases of Conducto, Conducto Unitube and Denpro dental products from Dr. Smith from 1935 up to the date of the trial herein."

Only three witnesses testified to the purchase of such items from respondent prior to the *filing* of the Bill of Complaint herein. With the exception of the sale of two Denpro syringes (and accompanying Den Pro unitubes) to Drs. Gatterdam and Bennett immediately after the cancellation of the contract and the single sale of one dozen Conducto unitubes to Dr. Gatterdam a year and a half later, all sales made by respondent, even up to the date of the trial, were of surgical dressing, a *product not covered by any of the four trade-mark registrations* in issue.

At page 12 of respondent's brief, there is no support whatsoever in the evidence for the statements that "the public and the profession were deceived" in purchasing petitioner's products, and that "they thought they were buying products supervised by Dr. Smith". (See R. 839 to 841)

Respondent states, in answer to the second question, that his abandoned use of "Den Pro" is prior to petitioner's use of "Den Pro", either as a trade-mark, or as an abbreviation. However, this use is not "*years* prior to the incorporation of Dental Products Company" as argued at page 9.

The first use of the word "Den Pro" by respondent, apart from his own assertion, was in 1915 (R. 213, 351, 367) which was just one year prior to the incorporation of Dental Products Company, and to the use of the abbreviation "Den. Pro. Co." (R. 549, 560, 572)

There is no documentary evidence whatsoever in the record which shows any use by respondent of "Den Pro" in this 1915 to 1918 period.

Respondent further states that "The use on which this registration (No. 328,935) is based dates back to 1914". This is obviously incorrect, as reference to Plaintiff's Ex

hibit 4 (R. 386, 749) will indicate. This registration, as originally filed, contained the usual statement **under oath** that "The trade-mark has been continuously used and applied to said goods in applicant's business since March 25, 1935". No mention is made of its 1915 use. Obviously respondent could not truthfully have stated that the mark had been *continuously* used in his business since 1915.

Respondent then states that "The dental profession and the dental dealers, including petitioner's dealers, have always associated Den Pro with Dr. Smith." This statement has been made without the slightest regard to the truth, and the numerous citations to the record do not support the statement.

#### **CONCLUSION.**

In conclusion, we respectfully submit that respondent, in his brief, has shown no suitable reasons why the four questions presented in our petition will not be squarely presented for decision by the facts of this case in the event that certiorari is granted.

Respectfully submitted,

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